

Institute for Reforming Government: President CJ Szafir highlights costs to taxpayers in agency budget requests

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Madison, Wis. – Institute for Reforming Government’s President CJ Szafir highlighted in a column this week the costs and negative impacts that state agency budget requests will have on taxpayers if they are implemented. Szafir’s column, “Evers’ Agencies Want More Taxes, Spending, and Government” was published this week by Right Wisconsin.

The column can be found [here](#). Excerpts are below:

“Hold on to your wallet – it’s that time of the year again. Every September of an even year, agencies in Wisconsin state government submit their budget requests for the upcoming gubernatorial proposed budget.

“This time, agencies are helping Governor Tony Evers prepare for his proposed 2021-2023 biennial budget, which will be released in January or February. To be sure, these are just requests. But they do give the public and lawmakers a critical insight into executive branch priorities, where agencies want to spend taxpayer money, and a preview of debates to come in early 2021.

“From last month’s requests, here are five items worth watching:

“1. In a predictable repeat of Evers’ first biennial budget, the Department of Health Services (DHS) is seeking ObamaCare’s Medicaid expansion and, as before, ignores the impact on the private sector and premium

increases. Claiming the state can utilize “free” federal money to expand Medicaid to an additional 95,000 people, the proposal ignores the higher costs this could bring to the private sector. In Evers’ previous budget, Republican leadership quickly dismissed the proposal.

“What is different in this year’s proposal are the new financial estimates. DHS [estimates](#) that Medicaid expansion would generate \$588 million in savings for the 2021-2023 biennium. That’s a much higher number and \$268 million higher in estimated savings than when Evers proposed it in his budget in 2019. The revised estimate is likely due to higher enrollment from COVID-19 and the recession as well as DHS estimating savings for 24 months, as compared to Evers’ previously proposed budget of 18 months.

“Moreover, DHS is not taking into account costs on the private sector. A previous [study](#) has shown that Medicaid expansion in Wisconsin would drive up private sector healthcare costs, resulting in a net cost increase of nearly \$600 million per year.

“According to Noah Williams, professor of economics at the University of Wisconsin and director of [CROWE](#), “by expanding Medicaid in 2021, Wisconsin would get access to increased federal funds, but it would also shift costs onto the general population. Premiums would likely increase for Wisconsinites with private insurance, and expanded public insurance eligibility would crowd out some of the private market, resulting in lower reimbursements for healthcare providers.

Unfortunately, even with DHS’ revised estimate, Medicaid expansion will result in a significant net cost increase for Wisconsinites.

“2. DWD Wants to Fix its Unemployment Insurance Debacle By...Repealing Walker Reforms. Wisconsin’s Department of Workforce Development (DWD) has been plagued by a significant backlog of unemployment insurance claims, a true tragedy during these difficult economic times. Wisconsin Public Radio [reported](#) that between March 15 and September 12, over 700,000 claims were “still being processed by DWD.” This led to DWD Secretary Frostman’s resignation.

“Last month, a state audit [reported](#) that from March to June, approximately 93% of the 41.1 million calls to the unemployment call center failed to go through.

“Democrats have largely blamed the [backlog](#) on the IT system. But perplexingly,

DWD's proposed budget did not ask for funding for IT system upgrades. In a [statement](#), Representative John Nygren blasted the proposed budget: "If DWD were serious about addressing the computer problems, it would have included a request in its agency budget for upgrading IT systems, like other state agencies did."

["DWD's request does include"](#) reversing reforms enacted by Republicans during the Walker Administration, including repealing drug testing and work search waivers and permanently eliminating the one-week waiting rule for benefits. This proposal, in combination with literally no proposal to fix the unemployment claims debacle, cynically demonstrate that outdated labor politics are driving this agency's budget request.

"Nygren is pointing out a very obvious contradiction: blaming the previous administration while proposing absolutely nothing to remedy a problem impacting thousands of Wisconsinites.

"3. The Public Service Commission (PSC) proposes doubling a tax on utilities. Currently utilities must spend 1.2% of their operating revenue on the Focus on the Energy program, which funds incentives for ["residents and businesses to install cost-effective energy efficiency and renewable energy projects."](#) The [PSC wants](#) to double this to 2.4%, which the PSC acknowledges would represent an increase of \$100 million per year in expenses for utilities and a corresponding rate increase for all of us - the consumers.

"This comes at a time when the industry is dealing with an economic downturn - businesses and people cannot pay their bills and the PSC has a moratorium in place preventing utility shutoffs on those behind in paying their bills.

"Wisconsin Manufacturers & Commerce Executive Vice President of Government Relations Scott Manley has come out opposed to the hike, labeling it an "energy tax." Ellen Nowak, the only appointee by a Republican, told the [Wisconsin State Journal](#) that the move would "serve as an upward driver on rates" and raised concerns over the timing:

"At a time when businesses are closing and families are struggling, asking for a guaranteed rate increase is irresponsible, particularly when the majority on the Commission has voted to continue a moratorium on disconnections for nonpayment for any reason."

“4. Rolling back fraud, double-dipping prevention in Social Security Disability Insurance (SSDI). *SSDI is a state/federal government program meant to give financial assistance to people who are disabled and no longer able to participate in the workforce. This is separate from unemployment insurance. Because while SSDI is for those who cannot work, unemployment insurance is for those who can work but cannot find a job. This reasoning is why in 2013, the legislature and Governor Scott Walker passed a law to separate SSDI from unemployment insurance and prevent double-dipping into both programs.*

“[DWD’s proposed budget](#) seeks to rollback those provisions that prevent double-dipping and fraud into SSDI and unemployment insurance simultaneously. It would “repeal current law regarding the prohibition for SSDI recipients to receive unemployment insurance benefits and the requirement to notify the department of SSDI enrollment.”

“This is an area of concern because in 2018 Collin Roth at WILL [documented](#) the astronomical growth in SSDI – since 2000, enrollment in SSDI in Wisconsin grew by 56%. He raised alarms that some of this growth is from people who otherwise could be in the workforce.

Presumably DWD’s agency request could make it harder to determine if individuals are receiving multiple – and contradictory – government benefits.

5. Despite Evers’ “plea”, agencies ask for more money. *In June, Evers asked state agencies to not seek “any additional GPR-funded expenditures” due to the recession. For the most part, his agencies ignored him. In total, agencies requested additional spending of \$755 million, according to [WisPolitics](#), which includes a 26% increase in Department of Tourism and 54% increase for Department of Military Affairs.”*

The full column can be found [here](#).